

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 EB-11 OMB-01 TRSE-00 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 AID-20 IGA-02 DRC-01 /062 W

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R 100955Z SEP 73

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 7532

INFO AMEMBASSY ISLAMABAD

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: EIND, PK

SUBJECT: ESSO FERTILIZER RECEIVES FULL READJUSTMENT
PAYMENT FOR 1972 FROM GOP

REF: ISLAMABAD 6765

1. GEORGE SWEENEY OF ESSO FERTILIZER CALLED ME ON
SEPTEMBER 9 TO REPORT THAT HE HAD JUST RECEIVED GOP CHECK
DATED SEPTEMBER 8 FOR AMOUNT OF RS. 29 MILLION, HAND
CARRIED FROM ISLAMABAD BY HIS REPRESENTATIVE THERE,
AKBAR MIRZA, IN FULL SETTLEMENT ESSO FERTILIZER CLAIM
FOR 1972 READJUSTMENT OF FERTILIZER PRICE BECAUSE OF DEVALU-
ATION.

2. SWEENEY ALSO SAID GOP HAD PROMISED TO EXAMINE
"SYMPATHETICALLY AND EXPEDITIOUSLY" ESSO CLAIM FOR ABOUT
RS. 17 MILLION BASED ON THE GOP DELAY IN APPROVAL OF
REMITTANCE OF ESSO FERTILIZER 1971 DIVIDEND (DECLARED IN
DECEMBER 1971) UNTIL MAY 1972, AFTER RUPEE HAD BEEN DE-
VALUED.

3. GOP, ACCORDING SWEENEY, HAS ALSO AGREED TO RAISE
FERTILIZER PRICE RETROACTIVELY TO JANUARY 1, 1973 TO RS. 776
PER TON FROM FORMER LEVEL OF RS. 700 PER TON. THIS PRICE
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INCREASE INVOLVES PAYMENT OF ABOUT RS. 14 MILLION BASED

ON FERTILIZER SALES SO FAR THIS YEAR OF ABOUT 185,000 TONS.
THIS SUM CAN BE DEDUCTED FROM FERTILIZER SURCHARGE COLLECTIONS
WHICH ESSO STILL HOLDING.

4. COMMENT: SWEENEY EXTREMELY PLEASED OVER SATISFACTORY
SOLUTION TO LONG DRAWN OUT DISPALE WITH GOP, CAUSED BY RUPEE
DEVALUATION OF MAY 1972, WHICH HE FEELS WOULD HAVE BEEN
DELAYED EVEN FURTHER, OR NEVER SOLVED, WERE IT NOT FOR
ASSISTANCE RENDERED BY USG. REASON FOR SOLUTION AT THIS
TIME ALMOST CERTAINLY CONNECTED WITH BHUTTO'S DESIRE CLEAR
UP ESSO FERTILIZER PROBLEM ONCE AND FOR ALL BEFORE HE
VISITS UNITED STATES. (SWEENEY UNDERSTANDS BHUTTO GAVE
CONCERNED ISLAMABAD OFFICIALS AN ABSOLUTE DEADLINE OF
MAY 10 TO SETTLE PROBLEM AND EFFECT PAYMENT, WHICH RESULTED
IN MUCH LAST MINUTE SCURRYING AROUND TO DETERMINE WHO
WOULD SIGN CHECK FOR SUCH LARGE AMOUNT.)
BRYANT

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Message Attributes

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Disposition Authority: collinp0
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Disposition Date: 28 MAY 2004
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